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**FACSIMILE**

**Department: COMPANY ANNOUNCEMENTS OFFICE**

**DATE:** 14/01/2003

**TIME:** 20:14:20

**TO:** ERG LIMITED

**FAX NO:** 08-9273-1208

**FROM:** AUSTRALIAN STOCK EXCHANGE LIMITED  
COMPANY ANNOUNCEMENTS OFFICE

**PAGES:** 1

**SUBJECT:** CONFIRMATION OF RECEIPT AND RELEASE OF ANNOUNCEMENT

**MESSAGE:**

We confirm the receipt and release to the market of an announcement regarding:  
ERG Pays Out Unlisted Convertible Notes



**GROUP**

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**Peter J Fogarty**

# LACS MILE

**ERG**

**GROUP**

## ERG Pays Out Unlisted Convertible Notes

ERG advises that it has paid out all monies that were owing in respect of the unlisted convertible notes held by Motorola Inc.

The amount paid was approximately \$10 million.

The Directors elected to pay out the monies owing rather than issue new capital in accordance with resolutions approved at the last AGM of the Company. The funds have been paid out of the Company's existing facilities.

The former holders of the remaining unlisted convertible notes have agreed to convert the monies owed to them to a secured term loan which, subject to shareholder approval, may be converted to ordinary shares or preference shares. In principle agreement has been obtained and formal documentation to give effect to this agreement is being finalised between the parties.

The repayment and conversion of the monies owed from the unlisted convertible notes is an important step in the Group's recapitalisation proposal announced at the AGM which, subject to noteholder and shareholder approval, will see the balance sheet and operating cash flow strengthened considerably.

ERG has mandated Paterson Ord Minnett as lead underwriter and broker to the issue for the proposed preference share issue. ERG has commitments from major noteholders and Babcock & Brown to sub-underwrite the issue to the extent of \$25 million.

-END-

## BACKGROUND INFORMATION

**ERG Group**

The ERG Group is a world leader in the development and supply of integrated fare management and software systems for the transit industry, and for its smart card systems and services. The Group includes Belgian-based Proton World, specialising in high security, payment and identity smart card systems. ERG has 16 offices across 12 countries and employs approximately 900 people. ERG's customer list includes automated fare collection projects in more than 200 cities and in excess of 500 banks through Proton's licence agreements. Throughout the world, the ERG Group has more than 50 million smart cards in circulation. ERG is an Australian-based company, listed on the Australian Stock Exchange.

# NEED A REFERENCE